

Elementa Tops Swedish Hedge Fund Universe in H1

After celebrating its ten-year anniversary in March, long/short equity fund Elementa closed the first half of 2025 as the best-performing Swedish hedge fund, delivering a return of 16.9 percent. Led by founder and Chief Investment Officer Marcus Wahlberg, the fund has notably shifted from its previously negative market exposure in 2021 and 2022 to a net exposure of 94 percent as of the end of June, reflecting growing conviction in opportunities across Nordic small and micro-cap companies. This net figure, however, excludes the impact of any option positions, meaning fund's effective net exposure may be significantly lower in the event of a market downturn.

Elementa follows a research-intensive, value-GARP (Growth at a Reasonable Price) investment approach, combining systematic screening with deep fundamental analysis. The fund looks for companies with strong growth potential, scalable business models, and robust cash flow generation, aiming to identify what Wahlberg calls "X factor" businesses – those that can expand without requiring substantial reinvestment. In addition to clear paths to value creation, Elementa's portfolio companies are typically led by capable and motivated management teams, and trade at attractive valuations relative to their long-term potential.

Reflecting on the strong performance in the first half of 2025, Wahlberg notes: "The Elementa model – which combines a partly automated screening process with manual, fundamental analysis – is clearly working very well." Despite the recent gains, Wahlberg remains optimistic. "We continue to see plenty of investment opportunities among Nordic micro-cap stocks," says Wahlberg. "In many cases, our target prices are well above current market levels," he adds. "This is usually a good sign that it's too early to be overly pessimistic, except in certain selected stocks."

Since its launch in March 2015, Elementa has delivered an annualized return of 8.3 percent and has shown a clear tendency to perform well during periods of market stress. The fund successfully navigated challenging environments such as the fourth-quarter 2018 sell-off, the Covid-driven volatility of early 2020, and the market dislocations of 2022 – when it gained 19 percent and ranked among the top-performing Nordic hedge funds. With a low correlation of -0.18 to the SIX Return Index and volatility of 10.1 percent – just over half that of broad equity indices – Elementa reinforces its position as a differentiated, value-oriented equity strategy within the Nordic hedge fund universe.